

AR24

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MACLEAN-HUNTER LIMITED



**ANNUAL REPORT
1970**

Directors of the Company:

Donald F. Hunter
Chairman of the Board

Donald G. Campbell
President

J. Lindley Craig
Executive Vice-President

George W. Gilmour
Vice-President
Business Publications Division

Edward Nymark
Vice-President
Printing Division

F. Gerald Brander
General Manager
Maclean's Travel Projects

Floyd S. Chalmers

Lloyd M. Hodgkinson
Publisher
Maclean's and Le Magazine Maclean

Ronald A. McEachern

Frederick T. Metcalf
President
Maclean-Hunter Cable TV Limited

Robert W. Robertson
Publisher, Group A
Business Publications Division

The Year 1970 at a Glance

| | 1970 | 1969 | % Increase or (Decrease) |
|------------------------------------------|---------------------|--------------|--------------------------------|
| Revenue | \$60,985,000 | \$58,500,000 | 4.2 |
| Operating expenses (except depreciation) | 52,971,000 | 49,638,000 | 6.7 |
| Consolidated net income for the year | | | |
| —total | 2,642,000 | 3,335,000 | (20.8) |
| —per share | 66.0c | 83.4c | (20.8) |
| —percent of revenue | 4.3 | 5.7 | |
| Total dividends paid | 1,332,000 | 1,110,000 | 20.0 |
| On Class B stock per share | 30.6c | 25.5c | 20.0 |
| On Common stock per share | 36.0c | 30.0c | 20.0 |
| Total assets | 49,831,000 | 43,086,000 | 15.6 |
| Current assets | 13,015,000 | 12,248,000 | 6.3 |
| Investments — at cost | 965,000 | 857,000 | 12.6 |
| Properties — at cost less depreciation | 20,360,000 | 16,349,000 | 24.5 |
| Current liabilities | 11,042,000 | 21,639,000 | (48.9) |
| Unearned revenue | 10,211,000 | 9,231,000 | 10.6 |
| Long-term debt | 9,340,000 | ..... | ... |
| Shareholders' equity | 12,834,000 | 11,226,000 | 14.3 |
| Working capital | 1,973,000 | (9,391,000) | ... |

Report to Shareholders:

The financial results of your company at the end of 1970 reflect the general feeling of uncertainty evident throughout Canadian business during the year, and the effects of cost increases in an inflationary period.

Total revenues increased to a record \$60.9 million, aided chiefly by expansion of our subsidiary broadcasting and Cable TV activities. Consolidated net income declined from \$3,335,000 (83.4c per share) in 1969 to \$2,642,000 (66.0c per share).

A breakdown of revenue by major segments shows that publishing produced 64 percent of revenue, broadcasting and cable TV 21 percent, and other activities 15 percent.

Print revenues increased only slightly as advertising linage dropped, a factor common throughout the industry in both Canada and the United States. With increased costs, including a full year of the higher postal rates, this resulted in a decline in net income from the publishing divisions.

The year 1970 closed with a period of reorganization and plans for expansion.

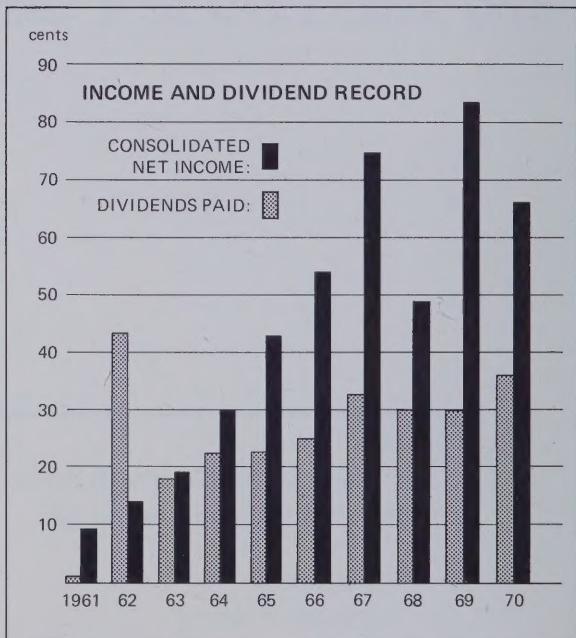
In September, Donald G. Campbell was appointed President and Chief Executive Officer, succeeding Donald F. Hunter who remains as Chairman of the Board of Directors. J. Lin Craig, Executive Vice-President, is a member of the Management Committee, with the Chairman and President. Ronald A. McEachern resigned as an Executive Vice-President, remaining a Director of the Company.

Two expansion moves were made into the field of book publishing. Maclean-Hunter Learning Materials Company was formed as an extension of the Book Department of the Business Publications Division to produce educational materials (including non-print) for the elementary and secondary school markets.

It is our aim to concentrate on the production and distribution of books by Canadian authors printed in Canada.

Your Company has also purchased Co-operative Book Centre of Canada Ltd., a wholesale distributor of books to elementary and secondary school libraries and public libraries in Canada.

In restructuring Maclean's Magazine and Le Magazine Maclean at the end of the year,



Lloyd M. Hodgkinson, Publisher of Chatelaine for 12 years, was appointed Publisher and Peter C. Newman, former staff member of The Financial Post and Maclean's and for the past four years editor-in-chief of the Toronto Daily Star, was appointed Editor.

F. Gerald Brander, former Publisher of Maclean's, has been appointed General Manager of a new section, Maclean's Travel Projects.

In line with the business slowdown in United States and United Kingdom, a number of our publications there showed linage reductions, but their general position remained better than the industry averages.

Acquisition of Lakehead Videon Ltd. at Thunder Bay and expansion of existing systems brought the total number of subscribers in Maclean-Hunter Cable TV Limited to 131,000 at year-end, an increase of 46,000 during the year. The Canadian Radio-Television Commission during the coming year is expected to clarify the regulations concerning community antenna television and we will be participating in and watching the proceedings closely in the interests of our subscribers and the Canadian public.

The Special Senate Committee on Mass

Media, discussed in more detail later in this report, had high praise for the business press of Canada, and advocated the publication of more Canadian magazines. It is interesting that this comment should come at a time when so much emphasis is being placed on the electronic age of television, radio and computers, because with each advance in the audio-visual methods of communication, there has been a corresponding increase in the demand for the printed word. Public interest has been stimulated in a host of new subjects; people are looking for information, facts and opinion which they can study at their own leisure and in their own time.

This, we believe, will be the continuing pattern of the print media and as a company we will continue to do our best to supply that demand from Canadian sources.

In March, 1971, as further diversification in the communications industry, your company purchased, for cash, Data Business Forms Ltd., a manufacturer of specialty business forms such as continuous forms, snap-out, computer printed forms and optical character recognition forms.

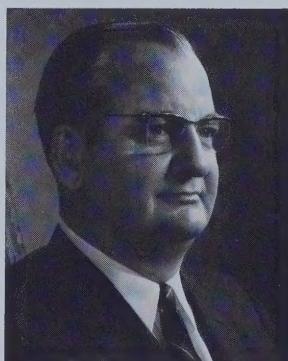
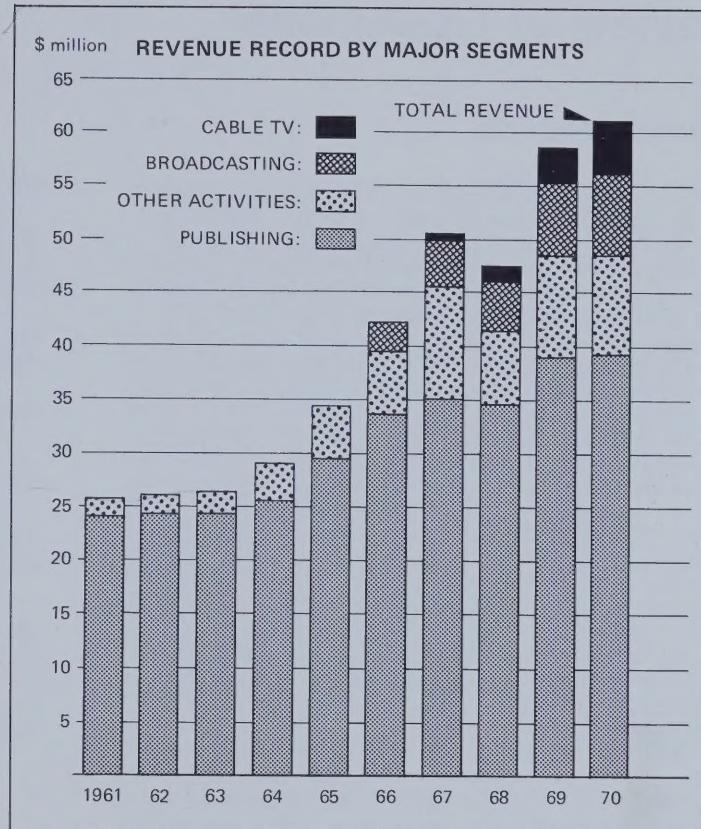
It is clear as 1971 begins that the effects of the 1969-70 business slowdown are still being felt. Although the Federal Government and especially the Bank of Canada have moved decisively from policies of restraint to policies of expansion, both consumers and corporations have been slow to increase their spending. Many corporations, faced with unchecked inflation on the cost front, and aware of the continuing sluggishness of consumer spending, are not planning major increases in outlays for new plant and equipment. The presently high level of the Canadian dollar vis-à-vis the U.S. dollar, moreover, has remained a continuing deterrent to expansion for Canadian business, whether selling in the home or foreign markets.

While these developments suggest that the 1971 recovery may be slower than had been widely expected, the fact remains that the climate for growth has been very substantially improved and, in time, higher-level activity will be unleashed in all areas.

Operations of the various segments of the company are reviewed in the following pages.

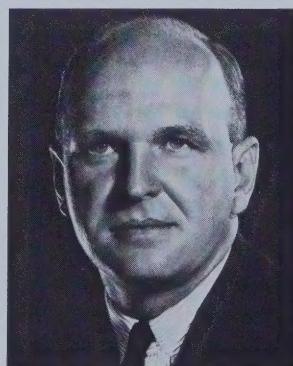
The officers and directors take this opportunity to say "Thank You" to all employees for their loyalty and cooperation throughout the year, and for their assistance in planning and carrying out the changes and improvements we are confident will strengthen our position.

On behalf of the Board of Directors



Donald F. Hunter

Donald F. Hunter
Chairman



Donald G. Campbell

Donald G. Campbell
President

Review of Operations:

Consumer Magazines

Maclean's and Le Magazine Maclean

As Canada's major national magazine, Maclean's has been a target for comment and criticism from opposing media for many years. Despite this, as it stated to the O'Leary Royal Commission in 1960 and the Special Senate Committee on Mass Media in 1970, your company believes that Canada needs a publication such as Maclean's, and in 1970 began long-range plans to bring it back to a more influential position in the Canadian scene.

In common with most other general consumer magazines, Maclean's suffered a substantial drop in advertising pages and revenue in 1970.

In the re-organization, Lloyd M. Hodgkinson, Publisher of Chatelaine for the past 12 years, has been appointed Publisher of Maclean's, and Peter C. Newman has been appointed Editor. Mr. Newman was on the staff of The Financial Post and Maclean's for 12 years before going to the Toronto Daily Star, where he was Editor-in-Chief before re-joining Maclean's. His books on Canadian politics, *Renegade in Power* and *The Distemper of Our Times*, gained for him national and international distinction.

The new Maclean's, with a smaller head office editorial staff and more highly-qualified correspondents from coast to coast, will be aimed at what is happening across Canada, interpreting events and advocating alternate courses of action.

Le Magazine Maclean experienced a difficult period in 1970 with the combination of Quebec's internal problems and the general business slowdown, plus major editorial changes at the first of the year. However, under the editorial direction of Jean Sisto, the magazine is regaining its influence in the French-Canadian market, and we hope to strengthen that position in the future.

Chatelaine and Châtelaine

Chatelaine, Canada's magazine for women, continued to lead the field in 1970, with increases in lineage and revenue over 1969, and a slight increase in circulation to an average of 978,000 copies per issue.

The magazine maintains its role as a specialized publication for women, with general articles, fiction and service departments. Travel was added as a major new editorial subject.

The decline in home building during 1970 resulted in less advertising in home furnishings and building products fields, but any upturn in 1971 should result in better revenues there.

With the appointment of Lloyd M. Hodgkinson as Publisher of Maclean's, Arch B. Gardner was appointed Business Manager of Chatelaine, and Doris Anderson continues as Editor.

The French language Châtelaine also showed increases in advertising and circulation during 1970, maintaining its reputation as the strongest magazine in French Canada.

As Editor, Fernande Saint-Martin continues to guide the publication with a keen awareness of the changing role of women in French Canada. While the service departments are adapted from the English edition, more than 70 percent of its content in articles and fiction are original to the French edition.

Miss Chatelaine

Six issues of Miss Chatelaine were published in 1970 (four in 1969) and its acceptance is recorded by an increase in circulation and the fact that lineage and revenue were doubled.

General articles on social subjects, career opportunities, personalities and attitudes give balance and depth to the magazine.

Bruce L. Drane has been appointed Publisher and Advertising Manager for Miss Chatelaine.

Magazine Circulation Division

Your company's five major consumer magazines reached new circulation records during the year with average paid distribution at December 31 as follows:

| | 1970 | 1969 |
|----------------------------|-----------|-----------|
| Chatelaine (English) | 978,594 | 972,065 |
| Maclean's | 749,190 | 732,293 |
| Châtelaine (French) | 270,446 | 259,772 |
| Le Magazine Maclean | 173,499 | 169,292 |
| Miss Chatelaine | 164,988 | 153,192 |
| | 2,336,717 | 2,286,914 |

Direct mail continues to be our best source of subscriptions, but Post Office problems and strikes affected our mail order solicitations seriously in 1970.

Our contract with an outside distributing company was terminated, and we set up our own company to take over distribution with the February, 1971, issues.

Circulation in the next year or so may be concentrated in the major urban centres.

The Fine Book Division, responsible for selling quality books — most of them of particular Canadian interest — through direct mail and magazine advertising, had its most successful year.



Doris Anderson, editor of Chatelaine, uses unique transportation on a fact-finding visit to Israel.

Financial Post

The complex operations of The Financial Post — Canada's national weekly of business, investment and national affairs — continue to expand.

While advertising lineage of The Financial Post itself dropped during 1970, revenue showed only a slight decline, due to rate increases. The Advertising Department has instituted a new media evaluation service, based on reading habits of middle and senior management in Canada and covering eight general business publications. The service uses computer analysis and is available free to advertising agencies and advertisers.

Financial Post circulation tends to reflect conditions in the economy and the stock market. In the second half of 1970, circulation showed a drop of 5% from its peak of 150,990 in the first half of the year. Part of this had been recovered toward the end of 1970 and early 1971.

John G. Orr was appointed Publisher of Financial Post Magazines, published as a section of The Financial Post 10 times a year. This area is expected to make a worthwhile contribution toward Financial Post progress and profitability.

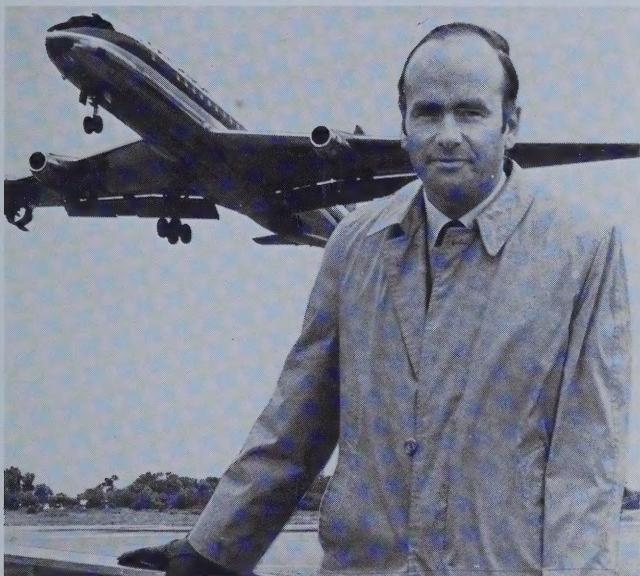
The relative slowdown of the Canadian economy in 1970 — and less stock market activity — affected subsidiary services and publications of The Financial Post in varying degree.

As an example, in 1970 the value of trading on the Toronto Stock Exchange declined to \$3,700 million from \$5,800 million in 1969. The Record of New Issues published by The Financial Post required only 18 pages in 1970, against the record of 46 pages in 1969, because of the drop in corporate financing.

In this uncertain market climate, The Financial Post Corporation Service, which issues nearly 3,000 current information cards a year on Canadian companies, lost a net of only two subscribers to its complete service. The circulation of such annuals as Survey of Industrials and Survey of Mines, however, dropped off more sharply.

The key to success in Financial Post Corporation Service operations is the individual judgment of experienced staff. To improve customer service still further, new data-processing, type-setting and reproduction methods are being instituted.

The Financial Post Computer Services has grown each year since it was organized in 1966. Its data collection and program development efforts are beginning to show results. One problem has been to determine the exact type of data required by subscribers, so that data and future input can be modified accordingly. A new contract will offer more attractive packages to potential users of the price and fundamental data and are expected to increase revenues accordingly.



Clive Baxter, Ottawa editor of The Financial Post, hosted the CBC production of The Charter Revolution, accompanied by a four-page special section in The Financial Post on the booming charter flight business in Canada. The joint effort won the first Roland A. Michener award, named for the Governor-General, for outstanding national journalistic achievement.



Paul S. Deacon, editor and publisher of The Financial Post (centre) presents a \$1,000 cheque for a graduate fellowship and a plaque to the University of Windsor, winners in FP's Million dollar portfolio contest against nine other university graduate business schools. From the left: Dr. Edward Rosenbaum, professor of business administration; Dr. Gilbert R. Horne, dean of the Faculty of Business Administration; Mr. Deacon; George Rapach, member of the student team and Dr. J. F. Ledaly, president of the University of Windsor.

Business Publications Division

Higher costs and a 10 percent loss in advertising lineage brought about a reduction in the profits of the Business Publications Division compared with 1969.

In general, however, the Division's revenue performance compared favorably with the industry's average, and was better than that of the 100 leading business publications in the United States, where much of the advertising in Canadian business publications originates.

Advertising lineage was lower in most publications, particularly in the construction and housing fields, industrial and electrical equipment and automotive, and office and home furnishings. Every effort is being made to maintain editorial quality so that reader-demand will keep our publications in a strong position to gain from increased advertising following any improvement in the general economic picture.

One publication, *Progressive Plastics*, which has been operating at a loss for several years, was sold to Southam Business Publications.

In competition with business publications across the country, Maclean-Hunter editors received national recognition during the year.

In the Kenneth R. Wilson Memorial Awards, a prestige competition, eight editors and one artist scored as winners and honorable mentions in five of the seven categories.

Three top winners were: Clifford Fowke, editor of *Canadian Building*, for his series on the National Building Code; James Vernon, associate editor of *Modern Power & Engineering* (now editor of *Plant Administration/Engineering*), for a feature on the basics of corrosion and corrosion control methods; and Pat Annesley, assistant editor of *Marketing*, for a profile of John Bassett.

The honorable mentions were: Dalton Robertson, *The Financial Post*; Robert Henry, *Bâtiment*; Arden Gayman and David Foyn, *FP Magazines*; Douglas Dingledein, *Canadian Research & Development*; and Roderick McQueen, *Canadian Jeweller*.

Particularly noteworthy achievements were registered by our French-language publications and editors. Winners in all three awards given by the Cercle de la Presse d'Affaires du Québec were M-H staffers.

Paul Saint-Pierre, editor of *Le Bureau*, won top honors in two categories: for the best editorial and for the best technical article. The prize for the best general reporting was won by Robert Henry, editor of *Bâtiment*.

Business Publications editorial services continued its program of training journalists in the business press field. The practical training given to aspiring writers from schools of journalism, the liberal arts and specialized fields has helped maintain the editorial and graphic qualities of our publications.

Creative Services Department of the Business Publications Division continues to handle advertising and promotion for the Division. During the year, plans were completed for a new department, Creative Communications, which will be responsible for work for other areas of Maclean-Hunter outside the Business Publication Division. It will also offer advertisers and advertising agencies a special service from idea conception, copywriting, finished art, typesetting to finished product. This service will specialize in creation of direct mail programs, catalogues, research and general advertising materials.



Robert Lick of Maclean-Hunter's U.S. publication, *Coal Mining and Processing*, checks on new developments in underground mining.



Barry Kay, left, editor of *Canadian Paint and Finishing*, receives congratulations from Charles Vertue, President of *Volstato Canada Ltd.*, Toronto, on the successful first North American conference on powder coating staged by CPF. Seated is Ermel Van de Woestijne, technical advisor of *Libert Freres*, Gent, Belgium, one of 50 foreign representatives at the conference.



Clifford Fowke, left, editor of Canadian Building, discusses a point with Joseph Desante, of the Project Management Staff for the Canadian Imperial Bank of Commerce on the site of Commerce Court, the 57-storey office building in Toronto, which is now the highest building in the British Commonwealth.



Books by Canadians for Canadians about Canada produced by Maclean-Hunter Learning Materials Company.

United Kingdom

Our operations in the United Kingdom in 1970 were seriously affected by the general atmosphere of inflation and industrial unrest, resulting in lower profits. However, most of our publications there were able to improve their competitive positions in their respective fields. The new publication, Manufacturing Management, launched in November, has been well received and appears destined to fill a very important management need. Seminars conducted by several publications, notably British Printer and Modern Purchasing, have proven successful and plans are being made for their expansion.

United States

In a year when advertising in leading U.S. business publications was down ten percent, every Maclean-Hunter publication increased its share of the market. However, profits were still squeezed between the declining revenues and rising costs. Any improvement in the U.S. economic picture — and particularly in the construction field — is expected to bring an increase in advertising volume, and our publications there are in a good position to move forward.

Inland Printer/American Lithographer won five awards in the Golden Keys Editorial competition of the New York Printing Craftsmen's Association. No other publication won more than two. Editor Jack Homer's two-part series on college yearbooks won first place award in the American Business Publication's Jesse Neal competition.

Rock Products staged its sixth annual cement operations seminar, with 50 foreign participants among 300 in attendance.

Maclean-Hunter Learning Materials Company

When Maclean-Hunter was unsuccessful in its bid to purchase the textbook division of Ryerson Press, the company proceeded with the formation of Maclean-Hunter Learning Materials Company, incorporating into it the Book Department of the Business Publications Division.

The Book Department had been formed in 1968 as a step toward meeting the growing need in the educational field for resource materials on Canadian industries. In 1970, seventeen books were produced.

The Maclean-Hunter Learning Materials Company will aim at the elementary secondary school and community college level, emphasizing Canadian content in all forms of learning materials — books, audio visual, reprints, resource, periodicals, games, etc.

Where practical, it is the company's hope that social science materials published in English will be made available to French-speaking students in French.

It is also the company's intention to make every effort to develop an export market for its materials, as well as to act as distributors for suitable materials from other countries.

George W. Gilmour, Vice-President, Business Publications Division, Maclean-Hunter, is President of the new company, and Edward Trefiak, formerly Manager of the Book Department, is General Manager.

Industrial and Trade Shows

With the exception of the Festival Express — a three-city joint venture with Eaton-Walker Associates — the Industrial and Trade Shows showed a modest profit during 1970, with a total of 13 shows.

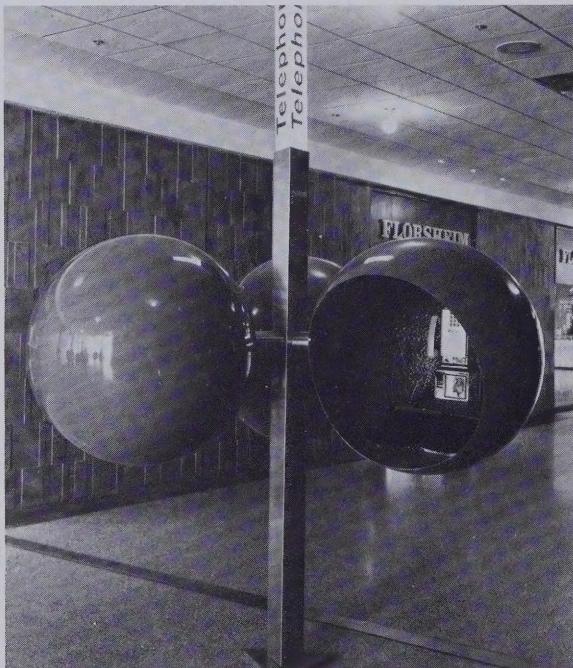
While the Montreal International Auto Salon proved very successful from the viewpoint of attendance, we have dropped it because of the high costs connected with it.

Because all shows are not produced annually, comparisons are difficult in this division. For example, in 1971 we are looking forward to seven trade shows, including the second Canadian Computer Show which drew 15,000 visitors in September, 1970, and the Canadian Launderers & Drycleaners Show which is a four-year cycle.

In the long term, this division looks forward to expansion in two areas: purchase of relatively small existing shows from entrepreneurs who wish to sell out to existing groups and alliances between associations who currently run their own show and our own professional show management group.

We are also organizing a system of package arrangements, whereby Industrial and Trade Shows and Design Craft Ltd. would give the client a total package deal on Trade Show management and environment. This would work particularly well with special events, such as a packaged consumer event or trade show sponsored by Federal or Provincial governments.

John A. Fisher was appointed General Manager of ITS, succeeding Lloyd Haines, who will be manager of the important Canadian Education Show.



Designed and constructed by Design Craft Ltd., this multi-color telephone installation was selected by the jury of the Royal Canadian Academy of Arts for their exhibition in Montreal.

Design-Craft Limited

Operating results of our subsidiary Design Craft Ltd. showed an improvement over 1969, led by the Show Services and Rentals division, and steps are being introduced which will hopefully result in further improvement during 1971. While there is a reduction in the total number of shows scheduled for 1971 in Canada, the company looks forward to the same overall volume in Services and Rentals as in 1970.

Manufacturing of display and custom work continues at a relatively high level, but, because of high labor content, costs remain high and we look forward to product changes and general improvement in this area.

Robert M. Gowdy has been appointed General Manager of Design Craft Limited, following the appointment of John A. Fisher as General Manager of Maclean-Hunter's Industrial and Trade Shows.

Co-operative Book Centre of Canada Ltd.

In November, 1970, Maclean-Hunter purchased the Co-operative Book Centre of Canada Ltd., a company which was in the process of receivership. It was the only large wholesaler of books operating in Canada which was not owned or controlled by foreign interests. The owners wanted their company to remain in Canadian hands, and we were invited to make an offer which was accepted by the company and approved by the courts.

For the immediate future, Co-op Books will concentrate on elementary school textbooks, with over 12,000 titles now in stock in this field in the company's warehouse. We plan to enlarge our facilities as soon as practical to stock the titles required to cover Canadian secondary school textbooks and finally books for public library use.

Gordon J. Rumgay, Manager of Maclean-Hunter's Magazine Circulation Division, is President of the subsidiary Co-operative Book Centre of Canada Ltd., and George Harwood is Executive Vice-President and Managing Director.

Administration

A broad program to lower costs and further improve service to subscribers, advertisers and other customers was undertaken in the company's Administrative Division.

An indication of the size of the audience Maclean-Hunter reaches through publications, promotions and direct mail is shown in the fact that during 1970 nearly 138 million address plates were processed through Subscription Department equipment.

Our Data Processing section has been expanded to meet the growing demands for computer time and facilities. As one example, during 1971 the monthly bills of the more than 131,000 subscribers of Maclean-Hunter Cable TV Limited will be handled by computer.

Maclean-Hunter Cable TV Limited

Maclean-Hunter Cable TV Limited, in which Maclean-Hunter Limited owns 61.7 percent, continued to expand with an increase of 50 percent in subscribing households to a total of 131,000 in all systems at the end of the year. Although the stock market was in a depressed state when the company went public in January, the issue was sold out completely.

During the year, the company acquired the system of Lakehead Videon Ltd. in Thunder Bay, Ontario, adding 21,000 subscribers.

In community programming, policy has been directed toward each individual system having its own equipment and operating on a local basis. Considerable success has been achieved in encouraging community participation by groups and individuals in most of the systems.

While new regulations are expected following the study of the broadcasting industry by the Canadian Radio-Television Commission, it is not anticipated they will have a detrimental effect on the long-term outlook of your company.

Radio & Television

Shoreacres Broadcasting Co.

Despite the general downturn in business in 1970, CKEY/590, Toronto, owned by Maclean-Hunter's subsidiary, Shoreacres Broadcasting Co., showed a small increase in revenue over 1969 and a favorable profit position.

Among major steps taken by CKEY was the establishment of a new recording company under the label Ampersand, to assist in the development and distribution of the works of Canadian singers and musicians. The first two LP's were produced in mid-December and have been well received.

New computer programs of musical selections to meet the CRTC's minimum of 30 percent Canadian content were designed, and Dominion Broadcast Programming Services Ltd., a subsidiary of Shoreacres, signed up six Canadian stations to use the CKEY music printout, arranged to their specifications for each audience.

The station continued to hold its high position in Toronto ratings, attesting to the success of its middle-of-the-road programming schedule.

With Charles Templeton joining our team of senior news announcers, Joe Morgan and Charles Whiting, we continue to uphold our reputation as Ontario's No. 1 news station. Among the awards won by CKEY were the Dan McArthur Award of Merit (Central Canada region) for Excellence in Radio News Documentary, given to Vic Phillips for his Special Report on the Mafia, and the Central Canada regional news award for coverage of the Air Canada crash in July.

Planning has been proceeding for our proposed FM station and we are hopeful it will be considered by the CRTC later in 1971. We are also looking at another location for CKEY studios.



Local programming produced at the Maclean-Hunter Cable TV studio includes a weekly show on hockey in the Malton area with league results and guest interviews.

Greatlakes Broadcasting Co.

Radio stations CFCO, Chatham, and CHYM AM-FM, Kitchener-Waterloo, maintained their strong positions in their respective fields.

CHYM increased its news and sports coverage and pursued an aggressive policy with special promotions which added to advertising revenues.

Application has been made to the CRTC to increase power and add stereo to the FM operation to strengthen the station's competitive position.

As an example of its public service, CFCO organized two major seminars on pollution, including an International Forum in co-operation with the Chatham Chamber of Commerce.

CFCN-TV and Radio

Increased penetration into Southern Alberta has expanded the audience of CFCN-TV, Calgary, adding strength to the base of its operations. The station continues to expand its local and Canadian coverage in anticipation of the increased Canadian-content requirements scheduled for the Fall of 1971 and to maintain its position against any fragmentation of audience resulting from the expansion of cable TV in the Calgary area.

CFCN radio station, operated by The Voice of the Prairies Limited, which will celebrate its 50th year on the air in 1972, enjoyed its best year in history.

Other Activities

Despite interruptions in postal service, both Canadian Press Clipping Service and Direct Mail Services showed slightly higher profits.

Printing Plant and CPD

Printing Plant

Operations of our Printing Plant in 1970 were in general off from 1969, due to the reduction in publications' advertising linage and the highly competitive printing market in Metropolitan Toronto.

Despite this general business trend our web offset press equipment operated at capacity. To provide for increasing volume in this field, we invested over \$600,000 in a five unit web offset press which went into production in February, 1971. This will allow our Commercial Printing Division to compete more effectively in the marketplace and supply needed growth facilities for our publications.

Methods of reducing unit cost by more investment in capital equipment were studied closely during 1970, and some changes will be implemented during 1971. This will include the installation of computerized photocomposition equipment.

Costs continue to increase, with paper and ink moving ahead about 4%, and labor in the average of 7 to 8%.

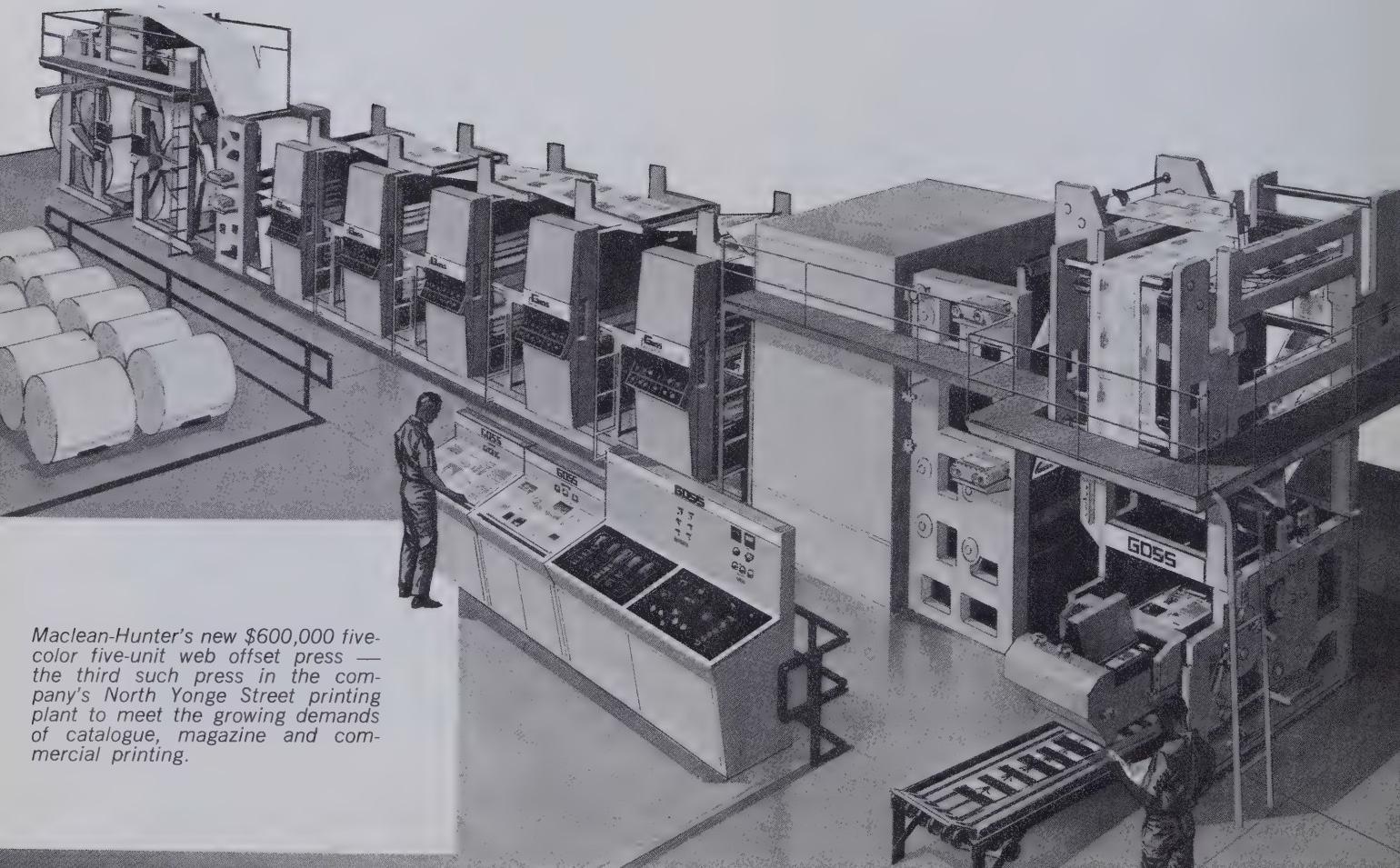
The trend to offset printing is reflected in an increase over 1969 of nearly 25% in the number of plates produced in our Offset Preparatory Department.

Paper consumption during the year amounted to 15,775 tons, lowest total in the past five years, due in part to the fact that several of our tabloid publications are now printed by an outside source and also due in part to use of light weight paper to counteract increased postal costs.

To meet its responsibilities in protecting the environment, the Company has installed air pollution control equipment.

Commercial Printing Division

Gross revenues and profit of the Commercial Printing Division eased slightly from the record year of 1969. With the installation of the new web offset press, the additional capacity now provides CPD with the opportunity to create new sales records.



Maclean-Hunter's new \$600,000 five-color five-unit web offset press — the third such press in the company's North Yonge Street printing plant to meet the growing demands of catalogue, magazine and commercial printing.

Special Senate Committee on the Mass Media

Your company and various divisions submitted briefs to the Special Senate Committee on the Mass Media, and officers and senior editors appeared at Committee Hearings.

In view of the importance of this study in considering the future of the media in Canada, we believe our shareholders will be interested in the following comments from the official report:

Consumer Magazines

"Magazines constitute the only national press we possess in Canada. Magazines add a journalistic dimension which no other medium can provide — depth and wholeness and texture, plus the visual impact of graphic design. Magazines, because of their freedom from daily deadlines, can aspire to a level of excellence that is seldom attainable in other media. Magazines, in a different way from any other medium, can help foster in Canadians a sense of themselves. In terms of cultural survival, magazines could potentially be as important as railroads, airlines, national broadcasting networks and national hockey leagues."

"But Canadian magazines are in trouble. The industry may not be dying, but it is certainly not growing. There are very few Canadian-owned consumer magazines that can claim, with any degree of certainty, that their survival is assured . . .

"Maclean-Hunter . . . is Canada's largest publisher of mass magazines, but it is a tribute to the company's determination, its sense of social responsibility — and to the profitability of its business publications — that Maclean's and Chatelaine continue to survive. Between 1905 and 1960, the company's consumer magazines collected nearly \$130 million in revenues, and delivered a total profit, over the fifty-five year period, of precisely \$410,604.

"As a profit margin that is simply laughable; and during the past decade there has been even less to laugh about. Chatelaine and its French-language counterpart, Châtelaine, were profitable in some years (notably 1967, the year of Canada's Centennial) but not in others. Maclean's, despite large circulation increases, was not able to achieve black figures until 1969.

"Miss Chatelaine, a Maclean-Hunter publication aimed at the teen-age market, is fat, sassy, successful and getting more so; its advertising revenues for the first six months of 1969 were up 132 percent over the previous year . . . There can't be many industries in this country where the odds are stacked so heavily against success; but it is still possible to beat those odds by publishing the kind of magazine that attracts a class of readers whom advertisers wish to reach, and by being able to spend a lot of money before you start getting it back.

"We are satisfied that the long-term prospects for a Canadian periodical industry — and probably the short term as well — would be enhanced by the removal of subsidized foreign competition.

"To believe otherwise is to assume that Canadians aren't capable of producing the kind of magazines that other Canadians prefer to read. We don't believe that. The few Canadian mass magazines (like Châtelaine, Maclean's and Saturday Night) that do exist

have already achieved far higher penetration of their available audiences than have their American counterparts. The audience is there, and so is the talent. It is simply defeatist to argue that, given more equitable competitive conditions, the Canadian industry couldn't improve its position."

The Business Press

"Of all the groups who came before us, the business publishers and editors appeared to have the clearest idea of their role and how to perform it. They have the three chief prerequisites for publishing success: a clearly understood editorial purpose; a defined and homogeneous readership with common interests; the kind of credibility that wins advertising support . . .

"They have four difficulties:

— Overflow circulation (from the U.S.) which faces Canadian publishers with a situation unparalleled elsewhere in the world.

— The recent imposition of increases in second-class mail rates . . . there are some inequities in the present structure which we believe should be removed.

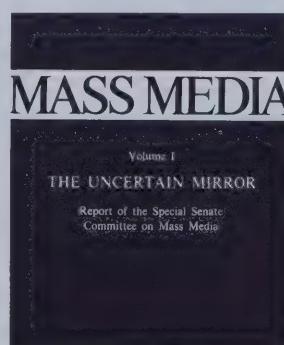
— The aloof stance of the advertising agencies.

— The distribution of copyright material (by photocopying) for which the authors and publishers received no compensation."

Television

"There is one area in which we feel some financial inequity is being worked upon Canadian broadcasters. It will be recalled that Section 12A of the Income Tax Act provides that Canadian advertisers may not write off as a business expense any money spent on buying space in U.S.-owned publications, a provision designed to give a measure of protection to Canadian magazines faced with the dumping of editorial material in "Canadian editions" of American magazines.

"Canadian broadcasters, particularly television broadcasters, are also faced with competition from across the border . . . It seems, in any case, that the growth of Canadian television service in areas penetrated by U.S. television signals is likely to be impeded unless Canadian advertisers are given some motivation to keep their money in Canada . . . We recommend the extension of Section 12A to cover Canadian advertising placed with American broadcasting stations."



Consolidated Statement of Income

For the year ended December 31, 1970 (with comparative figures for the 1969 year)

| | 1970 | 1969 |
|--------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| Revenue | | |
| Publishing | \$39,211,000 | \$39,007,000 |
| Broadcasting | 7,687,000 | 6,907,000 |
| Cable TV | 4,930,000 | 3,151,000 |
| Other activities | 9,157,000 | 9,435,000 |
| Total revenue | <u>60,985,000</u> | <u>58,500,000</u> |
| Add income from investments | 156,000 | 89,000 |
| | <u>61,141,000</u> | <u>58,589,000</u> |
| Operating expenses, except depreciation | 52,971,000 | 49,638,000 |
| Profit from operations before the following | <u>8,170,000</u> | <u>8,951,000</u> |
| Deduct: | | |
| Depreciation | 1,955,000 | 1,561,000 |
| Interest expense excluding \$234,000 charged to Cable TV construction in 1970 (\$121,000 in 1969) | 728,000 | 774,000 |
| Minority interest in profits of subsidiaries | 395,000 | 32,000 |
| | <u>3,078,000</u> | <u>2,367,000</u> |
| Income before income taxes and special items | 5,092,000 | 6,584,000 |
| Income taxes | 2,888,000 | 3,503,000 |
| Income before special items | <u>2,204,000</u> | <u>3,081,000</u> |
| Special items: | | |
| Income tax reductions resulting from the carry-forward of losses of prior years in certain subsidiary companies (note 3) | 228,000 | 254,000 |
| Gain on sale of land | 210,000 | |
| Consolidated net income for the year | \$ 2,642,000 | \$ 3,335,000 |
| Earnings per share of capital stock (Class B and common): | | |
| Income before special items | 55.1c | 77.0c |
| Special items | 10.9c | 6.4c |
| Consolidated net income | <u>66.0c</u> | <u>83.4c</u> |

Consolidated Statements of Retained Earnings and Contributed Surplus

For the year ended December 31, 1970 (with comparative figures for the 1969 year)

| | 1970 | 1969 |
|---------------------------------------------------------------------------------------------------|---------------------|---------------------|
| RETAINED EARNINGS | | |
| Retained earnings, beginning of year | \$10,726,000 | \$ 8,591,000 |
| Consolidated net income | <u>2,642,000</u> | <u>3,335,000</u> |
| | <u>13,368,000</u> | <u>11,926,000</u> |
| Deduct: | | |
| Dividends — | | |
| On Class B shares 30.6c per share (25.5c in 1969) in Class A shares subsequently redeemed in cash | 612,000 | 510,000 |
| On common shares — 36c per share in cash (30c in 1969) | 720,000 | 600,000 |
| | <u>1,332,000</u> | <u>1,110,000</u> |
| Tax paid on undistributed income | 90,000 | 90,000 |
| | <u>1,422,000</u> | <u>1,200,000</u> |
| Retained earnings, end of year | <u>\$11,946,000</u> | <u>\$10,726,000</u> |
| CONTRIBUTED SURPLUS | | |
| Contributed surplus arising on public financing of subsidiary (note 2) | \$ 316,000 | |
| Share of gain on redemption of subsidiary company's preference shares (note 9) | 72,000 | |
| Contributed surplus, end of year | <u>\$ 388,000</u> | |

See accompanying notes

Consolidated Statement of Source and Application of Funds

FOR THE YEAR ENDED DECEMBER 31, 1970 (with comparative figures for the 1969 year)

| | 1970 | 1969 |
|---------------------------------------------------------------------------------------------------|---------------------|-----------------------|
| Source of funds: | | |
| Operations — | | |
| Consolidated net income for the year | \$ 2,642,000 | \$ 3,335,000 |
| Increase in unearned publishing revenue | 980,000 | 1,166,000 |
| Amounts deducted in arriving at consolidated net income which did not involve an outlay of funds: | | |
| Depreciation | 1,955,000 | 1,561,000 |
| Deferred income tax | 292,000 | 25,000 |
| Minority interest | <u>395,000</u> | <u>32,000</u> |
| Total funds from operations (cash flow) | <u>6,224,000</u> | <u>6,119,000</u> |
| Issue of securities (note 2) | 13,107,000 | |
| Bank loan | 2,600,000 | |
| Minority interest arising on acquisition of subsidiary | | 284,000 |
| Reduction in investments | | 870,000 |
| Refundable federal 5% tax | | <u>85,000</u> |
| Other | <u>14,000</u> | <u>7,358,000</u> |
| Application of funds: | | |
| Additions to properties (net) | 5,966,000 | 6,245,000 |
| Goodwill | 1,859,000 | 5,326,000 |
| Repayment of long term debt | 360,000 | 6,007,000 |
| Redemption of preference shares of subsidiary company | 584,000 | |
| Purchase of investments | 108,000 | |
| Dividends | 1,332,000 | 1,110,000 |
| Tax paid on undistributed income | 90,000 | 90,000 |
| Subsidiary company dividends paid to minority interest | <u>282,000</u> | <u>18,778,000</u> |
| Increase (decrease) in funds | <u>10,581,000</u> | <u>(11,420,000)</u> |
| Working capital (deficiency), beginning of year | <u>(9,391,000)</u> | <u>2,029,000</u> |
| Working capital (deficiency), end of year | <u>\$ 1,973,000</u> | <u>\$ (9,391,000)</u> |
| Represented by: | | |
| Current assets | \$13,015,000 | \$12,248,000 |
| Less current liabilities | <u>11,042,000</u> | <u>21,639,000</u> |
| | <u>\$ 1,973,000</u> | <u>\$ (9,391,000)</u> |

See accompanying notes

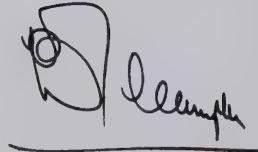
Maclean-Hunter Limited
 (Incorporated under the laws of Ontario) and its subsidiaries

Consolidated Statement of Financial Position

DECEMBER 31, 1970 (with comparative figures at December 31, 1969)

| ASSETS | 1970 | 1969 |
|--------------------------------------------------------------------|----------------------------|----------------------------|
| Current: | | |
| Cash | \$ 441,000 | \$ 423,000 |
| Short-term investments at cost which is approximately market value | 796,000 | 1,025,000 |
| Accounts receivable | 8,938,000 | 8,264,000 |
| Inventories at the lower of cost and replacement cost | 1,392,000 | 1,302,000 |
| Prepaid expenses | 1,448,000 | 1,234,000 |
| Total current assets | <u>13,015,000</u> | <u>12,248,000</u> |
| Investments at cost: | | |
| 50% owned affiliated companies (note 4) | 645,000 | 620,000 |
| Other | 320,000 | 237,000 |
| Total investments | <u>965,000</u> | <u>857,000</u> |
| Properties (note 5) | <u>20,360,000</u> | <u>16,349,000</u> |
| Goodwill (note 6) | <u>15,491,000</u> | <u>13,632,000</u> |
| | <u><u>\$49,831,000</u></u> | <u><u>\$43,086,000</u></u> |

On behalf of the Board:



Director



Director

See accompanying notes.

LIABILITIES

1970

1969

Current:

| | | |
|----------------------------------------------------------------------------|----------------------------|----------------------------|
| Bank loans | \$ 4,366,000 | \$14,671,000 |
| Accounts payable and accrued charges | 4,772,000 | 3,687,000 |
| Income and other taxes payable | 840,000 | 2,220,000 |
| Dividends payable | 333,000 | 278,000 |
| Debentures of subsidiary company due within one year | | 295,000 |
| Unearned cable TV revenue | 731,000 | 488,000 |
| Total current liabilities | <u>11,042,000</u> | <u>21,639,000</u> |
| Unearned publishing revenue (note 7) | <u>10,211,000</u> | <u>9,231,000</u> |
| Long-term debt (notes 2 and 8) | <u>9,340,000</u> | |
| Deferred income taxes | <u>677,000</u> | 480,000 |
| Minority interest in subsidiary companies (note 9) | <u>5,727,000</u> | 510,000 |
| Shareholders' equity (notes 10 and 11): | | |
| Capital | 500,000 | 500,000 |
| Contributed surplus | 388,000 | |
| Retained earnings (including tax-paid undistributed income of \$72,000) | <u>11,946,000</u> | <u>10,726,000</u> |
| | <u>12,834,000</u> | <u>11,226,000</u> |
| | <u>\$49,831,000</u> | <u>\$43,086,000</u> |

Auditors' Report

To the Shareholders of Maclean-Hunter Limited:

We have examined the statement of consolidated financial position of Maclean-Hunter Limited and its subsidiaries as at December 31, 1970, and the statements of consolidated income, retained earnings, contributed surplus and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1970 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada

February 26, 1971

CLARKSON, GORDON & CO.

Chartered Accountants

Notes to Consolidated Financial Statements

DECEMBER 31, 1970

1. Consolidation

The consolidated financial statements include the accounts of the following subsidiaries which are wholly owned Canadian companies except as noted:

Publishing —

Maclean-Hunter Publishing Corporation (U.S.)
Maclean-Hunter Limited (U.K.)
National Market Reports, Inc. (U.S.)
National Automotive Publishers Ltd.

Broadcasting —

Greatlakes Broadcasting System Limited
Shoreacres Broadcasting Company Limited
The Voice of the Prairies Limited
CFCN Television Limited
CFCN Productions Limited

Cable TV —

Maclean-Hunter Cable TV Limited (61.7% owned)
and its subsidiaries, with the percentages owned by it:
Peterborough Cable Television Limited (75% owned)
Huron Cable TV Limited (66 2/3% owned)

Other activities —

Design Craft Limited
Co-operative Book Centre of Canada Limited

In October of 1970, CFCN Productions Limited was incorporated as a wholly owned subsidiary of CFCN Television Limited and concurrently commenced operations.

In November, 1970, all the outstanding shares of Co-operative Book Centre of Canada Limited were acquired and operating results have been consolidated from the date of acquisition.

In December, 1970, Maclean-Hunter Cable TV Limited acquired all of the operating assets of Lakehead Video Limited, a cable TV system in Thunder Bay, Ontario.

2. Issue of securities

In January, 1970, a subsidiary company, Maclean-Hunter Cable TV Limited, issued and sold the following securities through a public offering:

| | | |
|-------------------------------------------|-------------------------------------------------------------------------------------------------|---------------------|
| 7,500,000 | 9% Sinking Fund Debentures Series A issued for | \$7,500,000 |
| 230,000 | 7% Cumulative Redeemable First Preference Shares Series A with a par value of \$20 each, at par | 4,600,000 |
| 605,000 | Common Shares with a par value of \$1 each at \$3.05 per share | 1,845,250 |
| | | <u>13,945,250</u> |
| Deduct: | | |
| Securities acquired by other subsidiaries | | 671,675 |
| Financing costs | | 166,600 |
| | | <u>838,275</u> |
| Net proceeds | | <u>\$13,106,975</u> |

The issue of common shares to the public (at a price in excess of their book value) had the effect of increasing the Company's equity in the net assets of the subsidiary by \$316,000 which amount has been shown as contributed surplus.

3. Income tax reductions

The unused loss carry-forward in certain subsidiary companies is approximately \$639,000 as at December 31, 1970, and if realized, will result in future income tax reductions of \$341,000 at current tax rates.

4. Investment in 50% owned affiliated companies

The Company's share of the underlying equity of 50% owned affiliated companies (which are not consolidated) amounted to \$378,000 compared with the carrying value of \$645,000 at cost, and the share of their combined net operating profit for 1970 amounted to \$20,000 according to the most recent financial information available at December 31, 1970. No provision has been made for their accumulated losses as they have been in the development stage.

5. Properties

| | 1970 | 1969 |
|-------------------------------------|---------------------|---------------------|
| Assets at cost: | | |
| Land | \$ 767,000 | \$ 747,000 |
| Buildings and equipment | 25,930,000 | 24,261,000 |
| Cable TV plant | 13,081,000 | 8,834,000 |
| | <u>39,011,000</u> | <u>33,095,000</u> |
| Less accumulated depreciation | 19,418,000 | 17,493,000 |
| | <u>19,593,000</u> | <u>15,602,000</u> |
| | <u>\$20,360,000</u> | <u>\$16,349,000</u> |

Cable TV plant includes \$4,120,000 (\$2,710,000 in 1969) of assets paid for by the companies but held under leases from public utility companies for minimum original terms of ten years.

Depreciation is being provided on the following basis:

Buildings — 5% on diminishing balance
Printing plant and cable TV plant — 10% straight line
Other plant and equipment — 20% or 30% on diminishing balance.

6. Goodwill

This asset consists of the excess of the cost of acquiring predecessor businesses over the value assigned to net tangible assets acquired.

7. Unearned publishing revenue

Revenue from publication subscriptions is taken into income over the terms of the various subscriptions. The related expenses of securing subscriptions (primarily direct mail and salesmen's commissions) are charged to income as incurred.

At December 31, 1970, the portion of paid subscriptions unearned for which services will be rendered within one year is approximately \$3,800,000.

Although this portion of the unearned subscription revenues should ordinarily be included in current liabilities in accordance with the recommendations of the Accounting and Auditing Research Committee of the Canadian Institute of Chartered Accountants, the Company has not followed this practice as working capital has already been reduced by the related expenses which approximate the subscription revenue received.

8. Long-term debt

Maclean-Hunter Cable TV Limited —

| | |
|-------------------------------------------|--------------------|
| Bank loan | \$2,600,000 |
| 9% Sinking Fund Debentures Series A | 6,740,000 |
| | <u>\$9,340,000</u> |

The bank loan is evidenced by demand notes but arrangements have been made with the Company's bankers for re-financing beyond 1971.

The principal amounts of Debentures required to be retired through sinking fund, redemption or purchase for cancellation during the next five years is \$350,000 in 1971 and \$750,000 per annum thereafter. All requirements for 1971 have been met.

Affiliated and Subsidiary Companies

100% owned — Accounts Consolidated

CFCN Television Limited, Calgary

The Voice of the Prairies Limited, Calgary

Own and operate TV stations CFCN in Calgary and Lethbridge, and radio station CFCN.

Design Craft Limited

Canada's leading firm of designers and exhibit builders.

Greatlakes Broadcasting System Limited

Owes and operates radio stations CFCO, Chatham, and CHYM and CHYM-FM, Kitchener-Waterloo.

Maclean-Hunter Limited, London

Publishes business periodicals in the United Kingdom.

Maclean-Hunter Publishing Corporation, Chicago

Publishes business periodicals in the United States.

National Market Reports, Inc., Chicago

National Automotive Publishers Ltd., Toronto

Publish valuation guides on used cars, trucks, and tractors, in Canada and the U.S.

Shoreacres Broadcasting Company Limited

Owes and operates radio station CKEY, Toronto.

Co-operative Book Centre of Canada, Ltd., Toronto

Wholesale distributor of books to school libraries.

Less than 100% owned — Accounts Consolidated

Maclean-Hunter Cable TV Limited

Owes and operates cable television systems in St. Catharines, London, Hamilton, Thunder Bay, Guelph, Owen Sound-Meaford, Collingwood, Midland-Penetang, Huntsville and North Bay and in the Toronto area (Etobicoke, Parkdale, Streetsville-Malton and

50% owned — Accounts not Consolidated

Orillia Broadcasting Limited

Owes and operates radio station CFOR, Orillia.

Trans-Canada Expositions Limited

Produces Ottawa Home & Garden Show. Owned equally by Maclean-Hunter and Southam Business Publications Limited.

EUROPEAN COMPANIES

The following publishers of media information are owned equally by Maclean-Hunter and Standard Rate & Data Services, Inc., Skokie, Ill.

Tarifmedia S.A., Paris, France

Publishers of Tarif Media.

Media-daten, Verlagsgesellschaft mbH.,

Frankfurt, Germany

Publishers of Media-daten, Media Fakten and Media Adress.

Dati e Tariffe Pubblicitarie S.p.A.,

Milan, Italy

Publishers of Dati e Tariffe Pubblicitarie.

Ajax-Pickering). Subsidiary Huron Cable TV Limited operates systems in Sarnia and Wallaceburg, and subsidiary Peterborough Cable Television Limited operates in Peterborough.

Dividends paid on Class B shares are equivalent to those paid on common shares after consideration of the special 15% tax paid by the Company on undistributed income.

11. Share transfer restriction

The Company obtained supplementary letters patent during 1970 that confer upon it the right to refuse to register a transfer of any shares in the capital of the Company, to a non-resident, that may in the opinion of the directors adversely affect the status of the Company under the licensing provisions of the Broadcasting Act of Canada, or the status as a Canadian publication of any newspaper or periodical published by the company.

12. Contingent liabilities and commitments

- As at December 31, 1970, there were pending against the Company lawsuits arising in the ordinary course of business. Based on opinion of counsel retained in these lawsuits, management is of the opinion that recoveries, if any, by the plaintiffs will not be material and no provision for such has been made in the accounts.
- The company has guaranteed affiliated companies' bank loans of \$89,000 outstanding at December 31, 1970.
- Subsidiary companies are committed to make lease payments aggregating \$693,000 annually for periods of up to eighteen years.

13. Statutory information

The aggregate direct remuneration of directors and senior officers (as defined in The Business Corporation Act, Ontario) amounted to \$548,000 in 1970; \$642,000 in 1969.

| | 1970 | 1969 |
|----------------------------------------------------------------|--------------------|------------------|
| Preference shares and advances . | \$3,817,000 | \$117,000 |
| Common shares, contributed sur- plus and retained earnings ... | <u>1,910,000</u> | <u>393,000</u> |
| | <u>\$5,727,000</u> | <u>\$510,000</u> |

Under the provisions of a Trust Indenture pursuant to which the First Preference Shares Series A of Maclean-Hunter Cable TV Limited were issued, principal amounts of \$460,000 are required to be retired annually through a sinking fund, redemption or purchase for cancellation to 1980. As \$700,000 of par value thereof was redeemed during the year, all requirements for 1971 and \$240,000 towards 1972 have been met.

The Company's share of gains on redemption of preference shares has been reflected in the statement of contributed surplus.

10. Capital and dividends

Authorized capital:

36,225,625 Class A 3% non-cumulative non-voting redeemable shares with a par value of 20c each
2,000,000 Class B fully participating voting shares without par value
4,000,000 common shares without par value

Issued capital:

2,000,000 Class B shares } \$500,000
2,000,000 common shares }

During 1970, 2,932,500 Class A shares with a par value of 20c each were issued as stock dividends on Class B shares and redeemed at par.

Ten-Year Summary

('000 omitted)

| | 1970 | 1969 | 1968 |
|----------------------------------------------------|----------|------------|----------|
| Income | | | |
| Revenue | | | |
| Publishing | \$39,211 | \$39,007 | \$34,835 |
| Broadcasting | \$ 7,687 | \$ 6,907 | \$ 4,747 |
| Cable TV | \$ 4,930 | \$ 3,151 | \$ 1,227 |
| Other Activities | \$ 9,157 | \$ 9,435 | \$ 6,860 |
| Total Revenue | \$60,985 | \$58,500 | \$47,669 |
| Income before the following items | \$ 7,047 | \$ 8,145 | \$ 4,839 |
| Less: Income taxes | \$ 2,888 | \$ 3,503 | \$ 1,973 |
| Add: Special items — income tax reductions | \$ 228 | \$ 254 | \$ 111 |
| — gain on sale of land | \$ 210 | ..... | ..... |
| Net flow of funds from operations | \$ 4,597 | \$ 4,896 | \$ 2,977 |
| Less: Depreciation | \$ 1,955 | \$1,561 | \$ 1,031 |
| Consolidated net income for the year | \$ 2,642 | \$ 3,335 | \$ 1,946 |
| Consolidated net income as a percentage of revenue | 4.3 | 5.7 | 4.1 |
| Dividends | | | |
| Total dividends paid | \$ 1,332 | \$ 1,110 | \$ 1,110 |
| On Class B stock per share* | 30.6c | 25.5c | 25.5c |
| On common stock per share* | 36.0c | 30.0c | 30.0c |
| Year-end Financial Position | | | |
| Current assets | \$13,015 | \$12,248 | \$ 9,440 |
| Less: Current liabilities | \$11,042 | \$21,639 | \$ 7,411 |
| Working capital | \$ 1,973 | \$ (9,391) | \$ 2,029 |
| Ratio of current assets to current liabilities | 1.2 | .6 | 1.3 |
| Total assets | \$49,831 | \$43,086 | \$31,223 |
| Unearned revenue | \$10,211 | \$ 9,231 | \$ 8,065 |
| Long-term debt | \$ 9,340 | ..... | \$ 6,007 |
| Deferred income taxes | \$ 677 | \$ 480 | \$ 455 |
| Minority interest in subsidiary companies | \$ 5,727 | \$ 510 | \$ 194 |
| Shareholders' equity | \$12,834 | \$11,226 | \$ 9,091 |
| Amount per share* | | | |
| Net flow of funds from operations | \$ 1.15 | \$ 1.22 | 74.4c |
| Consolidated net income | 66.0c | 83.4c | 48.7c |
| Dividends paid | 36.0c | 30.0c | 30.0c |

*Assuming present capitalization of 4,000,000 shares (2,000,000 common and 2,000,000 Class B) for all years. Shares were f

| 1967 | 1966 | 1965 | 1964 | 1963 | 1962 | 1961 |
|----------|----------|----------|----------|----------|----------|----------|
| \$35,123 | \$33,856 | \$29,450 | \$25,715 | \$24,287 | \$24,275 | \$24,095 |
| \$ 4,138 | \$ 2,807 | ..... | ..... | ..... | ..... | ..... |
| \$ 741 | ..... | ..... | ..... | ..... | ..... | ..... |
| \$10,377 | \$ 5,970 | \$ 5,093 | \$ 3,454 | \$ 2,013 | \$ 1,731 | \$ 1,760 |
| \$50,379 | \$42,633 | \$34,543 | \$29,169 | \$26,300 | \$26,006 | \$25,855 |
| \$ 6,873 | \$ 4,989 | \$ 4,226 | \$ 3,163 | \$ 2,251 | \$ 1,854 | \$ 1,530 |
| \$ 2,973 | \$ 2,088 | \$ 1,891 | \$ 1,326 | \$ 830 | \$ 576 | \$ 431 |
| | | | | | | |
| | | | | | | |
| \$ 3,900 | \$ 2,901 | \$ 2,335 | \$ 1,837 | \$ 1,421 | \$ 1,278 | \$ 1,099 |
| \$ 907 | \$ 755 | \$ 617 | \$ 638 | \$ 664 | \$ 724 | \$ 725 |
| \$ 2,993 | \$ 2,146 | \$ 1,718 | \$ 1,199 | \$ 757 | \$ 554 | \$ 374 |
| 5.9 | 5.0 | 5.0 | 4.1 | 2.9 | 2.1 | 1.5 |
| | | | | | | |
| \$ 1,203 | \$ 936 | \$ 855 | \$ 890 | \$ 715 | \$ 1,720 | \$ 40 |
| 27.6c | 21.8c | 20.3c | ..... | ..... | ..... | ..... |
| 32.5c | 25.0c | 22.5c | ..... | ..... | ..... | ..... |
| | | | | | | |
| \$ 7,916 | \$ 9,178 | \$ 7,969 | \$ 5,947 | \$ 5,855 | \$ 4,486 | \$ 4,487 |
| \$ 6,728 | \$ 6,055 | \$ 4,580 | \$ 2,823 | \$ 2,557 | \$ 1,869 | \$ 1,901 |
| \$ 1,188 | \$ 3,123 | \$ 3,389 | \$ 3,124 | \$ 3,298 | \$ 2,617 | \$ 2,586 |
| 1.2 | 1.5 | 1.7 | 2.1 | 2.3 | 2.4 | 2.4 |
| \$26,054 | \$25,157 | \$16,355 | \$13,520 | \$13,481 | \$12,562 | \$12,916 |
| \$ 6,956 | \$ 6,447 | \$ 5,686 | \$ 4,902 | \$ 4,774 | \$ 4,419 | \$ 3,718 |
| \$ 3,210 | \$ 5,376 | \$ 421 | \$ 442 | ..... | ..... | ..... |
| \$ 395 | \$ 238 | ..... | ..... | ..... | ..... | ..... |
| \$ 417 | \$ 166 | ..... | ..... | ..... | ..... | ..... |
| \$ 8,348 | \$ 6,875 | \$ 5,668 | \$ 5,353 | \$ 6,150 | \$ 6,274 | \$ 7,297 |
| | | | | | | |
| 97.5c | 72.5c | 58.4c | 45.9c | 35.5c | 31.9c | 27.5c |
| 74.8c | 53.6c | 42.9c | 30.0c | 18.9c | 13.8c | 9.3c |
| 32.5c | 25.0c | 22.5c | 22.5c | 17.9c | 43.0c | 1.0c |

ered to the public in March, 1965.

Maclean-Hunter's Roster of Publications

Magazines

Maclean's Magazine
Chatelaine
Miss Chatelaine

Published in French
Le Maclean
Châtelaine

Men's Wear of Canada
Modern Power & Engineering
Modern Purchasing
Office Equipment & Methods
Oilweek
Outdoor Power Products
Plant Administration & Engineering
School Progress
Style
Teaching Aids Digest (semi-annually)
The Medical Post

The Financial Post Division

The Financial Post
The Financial Post Magazines

The Financial Post Annuals

Directory of Directors
Financial Post Report on Canada
Survey of Industrials
Survey of Investment Funds
Survey of Markets
Survey of Mines
Survey of Oils

Published in French
Bâtiment
Cités et Villes
L'ACHETEUR
L'épicier
Le BUREAU
Le Pharmacien
Le Québec Industriel
Le Quincaillier
Revue-Moteur
Transport Commercial

Annuals

Canadian Controls & Instrumentation Buyers' Guide
Canadian Industry Shows & Exhibitions
Canadian Service Data Book
Canadian Special Truck Equipment Manual
Fraser's Canadian Shoe and Leather Directory
Fraser's Canadian Textile Apparel and Variety Goods
Directory
Fraser's Canadian Trade Directory
Hardware Merchandising's Hardware Handbook
Materials Handling Handbook
School Progress Reference Directory and Buyers' Guide
The National List of Advertisers

Canadian Business Publications

Building Supply Dealer
Bus & Truck Transport
Canadian Advertising Rates & Data
Canadian Automotive Trade
Canadian Aviation
Canadian Building
Canadian Controls & Instrumentation
Canadian Datasystems
Canadian Electronics Engineering
Canadian Grocer
Canadian Hotel & Restaurant
Canadian Interiors
Canadian Jeweller
Canadian Machinery & Metalworking
Canadian Packaging
Canadian Paint & Finishing
Canadian Photography
Canadian Printer and Publisher
Canadian Pulp and Paper Industry
Canadian Red Book
Canadian Research & Development
Canadian Shipping and Marine Engineering
Canadian Travel Courier
Canadian University & College
Civic Administration
Design Engineering
Directory of Canada's Travel Industry (semi-annually)
Drug Merchandising
Electrical Contractor and Maintenance Supervisor
electron
FOOD in Canada
Hardware Merchandising
Heavy Construction News
Home Goods Retailing
Marketing
Materials Management & Distribution

Published in U.S.A.

Boxboard Containers
Coal Mining & Processing
Concrete Products
Inland Printer/American Lithographer
Rock Products
Farm Tractor and Implement Blue Book
Red Book of Official Used Car Valuations
Truck Blue Book

Published in U.K.

British Printer
British Printer Specification Manual
British Rate and Data
Business Systems
Direct Enquiry Publications
International Freighting Weekly
(incorporating Ports & Terminals)
Manufacturing Management
Modern Purchasing
Packaging News
Small Offset Printing
Travel Agency

Other Services of Maclean-Hunter

The Financial Post Services

The FP Corporation Service provides institutional and private investors with basic data. Services include material on individual companies, with continuous updating; weekly and monthly information on dividend payments; and records of stock purchase warrants and new security issues.

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Direct Mail Services

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Maclean-Hunter Research Bureau

Provides market reports on many products and services; specific market surveys undertaken on fee basis. The Bureau's quarterly survey on Canadian Consumer Buying Intentions is an authoritative forecast widely used by business and industry.

Design Craft Limited

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Maclean-Hunter Learning Materials Company

Producing Canadian-content learning materials — books, periodicals, reprints, resource, audio-visual, games — for elementary and secondary schools and community colleges.

Co-operative Book Centre of Canada Limited

Wholesale distributor of books for elementary and secondary school libraries.

Data Business Forms Ltd.

Manufactures specialized business forms such as continuous, snap-set and computer printout.

Industrial and Trade Shows of Canada

Canadian Computer Show
Canadian Construction Show
Canadian Education Showplace
Canadian Graphic Arts Show
Canadian Launderers & Dry Cleaners Show
Canadian Marketing Show
Canadian Plant Engineering & Industrial Equipment Show
Materials Handling & Distribution Show
National Industrial Production & Machine Tool Show
Plastics Show of Canada
The Association of Hospitals of the Province of Quebec
Convention Exhibition
Congrès-Exposition de l'Association des Hôpitaux de la Province de Québec.
Salon de l'épicerie
Supermarket Show
Woodworking Machinery & Supply Show

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